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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE WHEAT SITUATION
Including Rye

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Summary

Estimates of area and condition reported to date indicate that the production of wheat in the Northern Hemisphere 1/this year may be about 500 million bushels less than the crop of last year, the Bureau of Agricultural Economics reports. Production last year was an all-time record and totaled 3,982 million bushels. The smaller prospective production this year is attributed largely to acreage reduction in the United States and to smaller yields per acre in Europe. Increases are expected in Canada and North Africa.

If growing conditions in the Southern Hemisphere countries are about average for the rest of the season, production in these countries would be expected to be about 75 million bushels less than last year ... Accordingly, world production may be expected to total close to 600 million bushels below the 1938 harvest, which was also an all-time record. The 1938 world crop was 4,555 million bushels. Production by individual countries is, of course, still uncertain, and unusual developments may modify early indications.

The world carry-over of wheat this July 1 will about double the 1938 figure. The carry-over on July 1 last year was about 600 million bushels. Of the total carry-over this July it is expected that 54 percent will be held by the 4 major exporting countries, and distributed about as follows: 22 percent in the United States, 17 percent in Argentina, 11 percent in Canada, and 4 percent in Australia. The increase in this year's carry-over may be about offset by this year's smaller world production.

1/ All references to world production and stocks in this report exclude Soviet Russia and China, except where noted.

The spread of domestic wheat prices above British wheat prices for the 1939 crop may average wider than for the 1938 crop, as a result of smaller prospective domestic wheat supplies, the higher Federal loan rate on wheat and the continuation of the export-aid program. If total supplies are not increased compared with those of last year, and demand is not materially different, world prices for the new crop would be expected to average little different from the average for the year ending June 30, 1939. In this event, any widening of the spread of domestic prices above Liverpool prices would be reflected in higher average domestic prices than for the 1938 crop.

Based on the prospective plantings reported in March, the June 1 spring wheat condition of 71 percent would indicate a probable production in the United States of 145 to 170 million bushels compared with last year's harvest of 244 million bushels. With a winter wheat crop of 523 million bushels (basis June 1 condition), a total crop of somewhat less than 700 million bushels is indicated. A crop of this size is equal to only about average domestic utilization and would provide an opportunity to reduce, by approximately the amount of our exports, the rather large July 1, 1939 domestic wheat stocks, which are now expected to be about 265 million bushels. Of this total, about 200 million bushels will be hard red winter and hard red spring wheats.

A United States rye crop of 35 million bushels is indicated on the basis of the June 1 condition. This is about one-third less than last year's harvest. The demand for rye should be at least as good this year as last. Present prospects are for an average or slightly above average European rye crop, but smaller than the all-time record of last year.

THE WORLD WHEAT SITUATION IN 1938-39

BACKGROUND.- Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage. From 1933 to 1936 world supplies declined, following successive years of small production and increased world demand. World supplies increased slightly in 1937 and sharply in 1938, when supplies totaled 5,191 million bushels, --the largest on record. Total world shipments of wheat averaged 751 million bushels for the period 1923-37, reached a peak of 913 million bushels in the year beginning July 1928, and then declined sharply, largely as a result of the measures taken by importing countries to reduce the use of foreign wheat. For the year beginning July 1, 1938 world shipments are expected to be about 580 million bushels.

During the period 1924-33, world wheat prices declined, chiefly as a result of the general decline in industrial activity and commodity prices. World wheat prices moved steadily upward from the spring of 1933 to the summer of 1937, reflecting a world wide recovery in commodity price levels and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938 world prices declined sharply, due to increased world production and weakness of demand.

World crop prospects indicate a decrease of about 600 million bushels

World wheat production 2/ this year may total about 600 million bushels more than last year, when a record crop of 4,555 million bushels was harvested. Estimates of area and condition reported to date indicate that the production of wheat in the Northern Hemisphere may total around 500 million bushels less than the record crop of last year, and production in the Southern Hemisphere may possibly total about 75 million bushels below last year's harvest. In figuring production for the Southern Hemisphere, where the crop is now only entering the winter, moisture and temperature to date were taken into consideration, and average conditions for the remainder of the season assumed.

While production by countries is still uncertain and unusual developments would be expected to modify early indications, errors in early estimates by countries in the past have been largely compensating, and the total estimate has been fairly indicative of the production as a whole. However, the estimate for the 1938 crop, issued last June, proved to be very low because unprecedented favorable weather conditions completely changed the outlook. In The Wheat Situation for June 1937, the expected production for 1937 was placed at from 3,800 to 3,850 million bushels, compared with the final outturn of 3,833 million bushels. Production estimates by individual countries for 1939 will be published in The Wheat Situation for July.

2/ All references to world production and stocks in this report exclude Soviet Russia and China, except where noted.

The condition of the wheat crop in Canada as of May 31 was 94 percent of the long-time average yield per acre, compared with 99 percent at the same date last year, and 85 percent in 1937. Since May 31 the crop has developed under generally favorable conditions. Moisture conditions have been good over most of the area and seeding was completed earlier than usual. In the second week of May, high winds caused some soil drifting in dry areas, but losses experienced were moderate and the rains which followed soon after promoted recovery of such losses. Some reseeding was necessary, but this was not general. Grasshopper damage has been threatened but continued low temperature has held it in check. Wire worms and cutworms are reported to have caused considerable damage in Alberta. However, no extensive losses from insect damage has been reported.

Present crop prospects indicate a wheat crop in Europe well below the record 1938 harvest. On the basis of available sown acreage figures, and reported conditions to date, a crop of from 250 to 300 million bushels less than that of 1938 now seems likely. Smaller outturns seem probable for all European countries except Spain and Portugal. The production in these two countries is estimated to be considerably above their small harvests in 1938.

Rain is now badly needed in England and Wales, and the production will probably be considerably below the 1938 figure of 69.3 million bushels. The condition of the crop in Scotland was reported to be good on June 1. The acreage has been reduced about 6 percent, compared with that of last year. In Ireland the condition of the crop is reported as fairly satisfactory, but acreage is smaller than in 1938 and production is expected to be at least 500 thousand bushels less than that of last year.

Crop growth in the Scandinavian Countries is reported to be somewhat backward, and though the condition is generally satisfactory it is less favorable than at this time a year ago. The production in these countries is expected to be somewhat less than in 1938.

The very heavy winter kill in Belgium, estimated at about 80 percent of the acreage, will probably result in a crop much smaller than that of last year.

In France, during the first 20 days of May, cold excessive rains caused some deterioration to the crop. During the last period of May warmer weather and strong winds prevailed and caused considerable rust. Weeds are reported to be retarding growth. About 25 percent of the winter seedings are estimated to have been winter-killed. This necessitated heavy reseedings. Not only have the reseeded areas suffered adverse weather conditions, but even under favorable conditions, spring wheat can be expected to yield less than winter wheat. As a result of these factors, the condition on June 1 was reported to be definitely less favorable than it was a month ago.

The Paris Office of the United States Department of Agriculture estimates the current crop in Portugal at 20.9 million bushels, compared with the production of 16.5 million bushels in 1938.

A good harvest in Italy is forecast despite unfavorable conditions during the first half of May. It is not, however, expected to equal that of either 1937 or 1938.

In Germany winter-kill was above average, and this will result in an acreage for harvest below that of last year. The condition for Germany, including Austria and the Sudetenland, on June 1, was reported to be slightly above average.

Crop prospects in Greece are reported as about normal, but production is expected to be somewhat lower than in 1938.

The condition in Poland on June 1 was officially reported to be slightly above average.

Prospects for the crop in the Danubian Countries are favorable, and production this year will probably be above average but not so high as the record crop of 1938. Production in Bulgaria is reported at 71 million bushels, compared with 78 million bushels reported for last year.

Reports from the Soviet Union indicate a reduced acreage of wheat, compared with that of 1938. In spring wheat alone, the plan provides for a reduction of 3.6 million acres, which is a reduction of 6 percent, compared with the plan for 1938. Soil moisture is reported as insufficient in the important grain producing areas in the south and southeastern parts of European Russia, and the condition of fall-sown grain in the central and Volga regions is unsatisfactory. The seed used for this season's crop was thought to be below standard because of the drought during the growing season last year. All these unfavorable factors would indicate the prospect of below average production this year.

The condition of the crop in North Africa is reported to be excellent and production is estimated to be well above that of 1938. The Paris Office of the United States Department of Agriculture estimates production in these countries as follows: Algeria 44.8 million bushels; Morocco, 33.1 million bushels; and Tunisia, 18.7 million bushels.

The second estimate of production in India places the current crop at 365 million bushels, compared with the 1938 production of 402 million bushels. The 1939 production in Palestine is forecast at 5 million bushels, compared with the 1938 figure of 1.6 million bushels.

Preliminary estimates of the 1939 production in China, Japan, and Manchuria, indicate an increase of about 3 percent over the small 1938 crop.

In Argentina rainfall during the last of May, in the areas most affected by the drought, made it possible to proceed with field work, and seeding is now taking place under favorable conditions. Wheat is, on the whole, in good condition. Exceptions may be noted in Central Santa Fé and Western Entre Rios, where the green fly has damaged nearly all sowings; and in La Pampa where the wheat fields, as a result of the drought, were a total loss. This area is now being reseeded.

Seeding is about completed in Australia and the acreage is thought to be below that of last year.

Table 1.-Wheat acreage in specified countries, 1937-39

(acreage sown, except as otherwise noted)

Country and item	1937	1938	1939
Wheat	1,000 acres	1,000 acres	1,000 acres
United States:			
Winter 1/	46,978	49,711	38,936
Spring 1/	17,444	20,510	2/ 16,600
Canada, all wheat 1/	25,570	25,930	3/ 25,993
Total (2 countries)	89,992	96,151	81,529
Belgium	425	429	345
Czechoslovakia 4/5/	1,337	1,426	1,410
England and Wales	1,732	1,807	1,664
France 4/6/	12,590	12,502	11,683
Germany 4/7/	4,579	4,577	4,714
Greece	2,117	2,062	2,283
Ireland	220	230	8/ 225
Italy	12,909	12,530	12,840
Latvia 4/	170	167	180
Lithuania 4/	379	357	361
Luxemburg	46	57	53
Northern Ireland	4	6	8/ 4
Poland 4/	3,590	3,801	3,835
Portugal 4/	1,219	1,236	9/ 1,384
Scotland	100	92	79
Total (15 countries)	41,417	41,279	41,060
Bulgaria	3,233	10/ 2,891	10/ 3,064
Hungary 5/	4,181	10/ 4,547	10/ 4,428
Rumania	8,777	9,434	9,503
Yugoslavia	5,423	5,327	5,622
Total (4 countries)	21,614	22,199	22,617
Total (19 European coun.)	63,031	63,478	63,677
Africa:			
Morocco	3,027	2,906	9/ 3,212
Algeria	4,311	4,161	9/ 4,287
Tunisia	2,429	1,667	2,104
Egypt	1,421	1,470	1,503
Total (4 countries)	11,188	10,204	11,106
India (May estimate)	33,049	35,343	34,692
Japan	1,776	1,777	1,830
Total (27 countries)	199,036	206,953	192,834
Estimated Northern Hemisphere total, excl. Soviet Russia and China	234,100	239,600	

1/ Acreage harvested or for harvest. 2/ Acreage for harvest not yet officially estimated; intended plantings less average abandonment for 1929-38, excluding the years 1934 and 1936, when abandonment was heavy. 3/ Intentions to plant spring wheat, plus winter wheat remaining for harvest. 4/ Winter wheat. 5/ Estimates for new boundaries. Figure for 1937 is an estimate based on the percentage relationship between the old boundary acreage in 1937 and 1938. 6/ Area sown up to May 1. 7/ Excluding Austria. 8/ Estimate of the London office of the Department of Agriculture. 9/ Estimate of the Paris office of the Department of Agriculture. 10/ Estimate of the Belgrade office of the Department of Agriculture.

World carry-over prospects show increase of about 600 million bushels

Stocks of old wheat July 1 seem likely to be increased to around 1,200 million bushels compared with about 600 million bushels in 1938. Of the total carry-over this July it is expected that 54 percent will be held by the 4 major exporting countries, distributed about as follows: 22 percent in the United States, 17 percent in Argentina, 11 percent in Canada and 4 percent in Australia. In 1938 these same countries held 55 percent, distributed as follows: 26 percent in the United States, 13 percent in Argentina, 6 percent in Canada and 10 percent in Australia. The Canadian and European harvests average later than those in the United States, and actual estimates of stocks will not be available until about the time of the September issue of The Wheat Situation.

Table 2 shows a summary of world wheat supply and disappearance for the year ended June 30, 1938, and preliminary supply figures together with approximations of disappearance and carry-over for the year ended June 30, 1939. 3/ If the world production of about 3,950 to 4,000 million bushels is realized in 1939, the world wheat supply for 1939-40 would be about the same as a year earlier.

It would appear that the disappearance in several countries will be relatively heavy. Moreover, apparent overestimates in official production estimates involve a large statistical disappearance. Even with a large prospective disappearance, the world carry-over will probably be of record size.

Table 2.- Estimated world supply and prospective distribution, year beginning July 1, 1938 compared with 1937

Item	Year beginning July 1	
	1937 estimates	1938 indications
	Million bushels	Million bushels
Carry-over July 1 1/	519	597
Production 1/	3,855	4,555
Total supply	4,374	5,152
Net exports from Soviet Russia	39	1/ 35
Total of above	4,413	5,187
Disappearance	3,816	3,970
Carry-over June 30	597	1,217

1/ Excludes stocks and production in Soviet Russia and China, and excludes 20 million bushels of new wheat in commercial and merchant mill stocks.

3/ World supply, distribution and prices beginning with 1922 in "The Wheat Situation", February 23, 1939, page 25.

World imports for 1938-39 now estimated at 585 million bushels

Prospects still appear to indicate net imports by European importing countries of about 430 million bushels compared with 394 million bushels in 1937-38. However, as a result of increased exports, principally to China and Manchuria, shipments to non-European countries are now expected to be about 155 million bushels compared with the February estimate of 135 million bushels. In 1937-38 these shipments totaled 99 million bushels. This makes a total for the year ended June 30, 1939 of 585 million bushels compared with 493 million bushels in 1937-38. Forecasted imports by European countries are shown in table 13.

Shipments of wheat from Argentina, Canada, and the Danubian countries have been very large since the middle of May, causing world weekly shipments to be the largest since early 1937. Tables 10 to 12 show the current movement in international wheat and flour with comparisons.

The total supplies available for export in Argentina on June 1 were about 180 million bushels (table 9), over 4 times the amount of the surplus on the same date a year earlier. Supplies available for export from Canada were 139 million bushels, or about 100 million bushels greater than the very small supplies on June 1, 1938. On the other hand, the surplus in Australia on the same date, estimated at 54 million bushels, was 2 million bushels below that of a year earlier.

United States exports of wheat and flour made from domestic wheat in terms of grain for the period, July 1, 1938 to June 1, 1939, were estimated at 99 million bushels, and shipments to insular possessions about 3 million bushels. This compared with exports of 91 million bushels during the same period a year earlier.

Table 3.- Net exports, year beginning July 1, 1937, and forecasted net exports, year beginning July 1, 1938

Country	1937-38	1938-39 forecast
	Million bushels	Million bushels
United States	104	112
Canada	89	158
Argentina	70	114
Australia	124	100
Danube countries	55	75
Soviet Russia	39	35
Total of above	481	594

Crop developments in Europe factor in determining 1939-40 imports

Supplies of bread grains in Germany are now of such proportions that regardless of the crop outturn this year there will be no difficulty in meeting domestic requirements next season, even though no imports are made. If the wheat harvest in the Netherlands turns out well below last year, as now appears probable in prospect, there should be some increase in import requirements during 1939-40. Extra sales to Belgium will not be large, inasmuch as her domestic production is always a small part of total requirements.

As indicated by the prospective supply position, there is no likelihood of increased imports by countries in southwestern Europe and northern Africa in 1939-40. Portugal will probably have sufficient grain for her own needs. Spain may be in the market for a small quantity of grain, but this probably will be counterbalanced by smaller purchases by Italy.

World prices lowered by heavy shipments and improved crop prospects

Wheat prices in foreign markets the last half of May were steady to lower. Unfavorable crop prospects in the United States and poor seeding conditions in the Argentine tended to offset the influence of favorable crop prospects in Europe and heavy offerings of Canadian and Argentine wheat. During the first half of June prices declined, following rains in North America, Argentina and portions of Europe, and heavy shipments, particularly from Argentina.

Average closing futures prices at Winnipeg, Liverpool, and Buenos Aires, compared with prices in domestic markets, are shown in table 6. Cash prices of Canadian, Argentine, and Australian wheat in Liverpool are shown in table 4. There have been no cash quotations for United States wheat in Liverpool reported recently.

Table 4.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats		Soft wheats			
	U. S. (Gulf) No.1 Dk. Hd. Winter	Canada No. 3 Manitoba	U. S. (Pacific) White	Argentine Rosafe	Australian	Rumanian
	Cents	Cents	Cents	Cents	Cents	Cents
Apr. 7	--	73.9	--	58.9	62.9	54.9
14	--	--	--	58.9	65.1	55.6
21	64.3	72.4	--	60.3	66.5	--
28	--	73.9	--	60.7	68.7	--
May 5	--	76.1	--	63.3	69.5	--
12	68.0	75.3	--	62.5	69.5	--
19	--	75.0	--	61.8	69.5	--
26	--	75.3	--	61.7	68.4	--
June 2	--	75.0	--	60.7	68.1	--
9	--	71.0	--	58.9	65.1	--
16	--	70.2	--	58.9	64.7	--

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- The carry-over of wheat in the United States, which for the 5 years 1924-28 averaged about 115 million bushels, increased to a record of about 375 million in 1933. Four small crops in the years following, however, reduced stocks to about 100 million bushels by July 1, 1937. The domestic disappearance during the 10 years 1928-37 averaged about 680 million bushels.

Wheat exports from the United States declined steadily after the World War, and, because of droughts, imports were necessary from 1934 to 1936. The 1937 domestic crop was greatly in excess of domestic needs, the Canadian and Argentine crops were small, and about 100 million bushels of United States wheat were exported. In 1938 the domestic crop was again large, but foreign demand for domestic wheat has been less favorable because of large crops in other exporting countries.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high in relation to world prices. During the year beginning July 1936, both world and domestic prices advanced sharply as a result of increased demand and small supplies. Prices received by producers for the 1936-37 season averaged 103 cents per bushel, and for the 1937-38 season, 96 cents. Prices during the current season have been substantially below those of a year earlier, largely as the result of large world wheat supplies.

New crop may total less than 700 million bushels

The condition of the winter wheat crop in the United States declined during May, and on June 1 a crop of 523 million bushels was indicated, compared with 687 million bushels harvested in 1938 and the previous 10-year (1928-37) average of 560 million bushels. Prospects on June 1 indicated a probable yield of 13.4 bushels per harvested acre compared with 13.8 bushels in 1938 and the average of 14.5 bushels. Prospective yields were above average in the northern States east of the Mississippi and in the South, but largely below average elsewhere, including most States in the Ohio and Potomac Valleys.

Growing conditions during the first 3 weeks in May were unfavorable for winter wheat over most of the area west of the Mississippi River. In the Great Plains area, the continuation of hot, dry weather which had marked the close of April brought further deterioration in winter wheat prospects. Rather general rains the last week of May checked the deterioration over a large part of this area, and in some sections prospects improved. On June 1 there was little change from a month earlier in the Southern Plains area where harvesting was under way, but a rather general decline had taken place in central Kansas, Nebraska, South Dakota, and adjoining areas. Some additional abandonment since May 1 occurred in this area. Since June 1 good rains have been received over most of the Plains area. There have been few

reports of rust damage as yet, and the crop is well enough advanced toward maturity to prevent this disease from being much of a factor in reducing yields in winter wheat. In Washington, winter wheat prospects on June 1 showed no change from a month earlier, but Oregon showed a sharp decline. East of the Mississippi, yields prospects about balanced out so that there was little change in total prospects from a month earlier.

The condition of all spring wheat on June 1 averaged 71 percent of normal compared with 87 percent a year earlier, and the 10-year (1928-37) June 1 average of 75 percent. The condition on June 1 was below average over the entire spring wheat area with the exception of Montana and a few minor spring wheat States. Although the crop was seeded relatively early in most areas, the hot, dry weather in early May in the more important areas retarded growth and resulted in short, uneven stands. In the Northern Plains area, sub-soil moisture continues deficient and in this area, as well as in the Pacific Northwest, the crop will need timely rains until harvest. While considerable abandonment of acreage is probable in the Northern Plains area, rains since June 1 have generally improved conditions.

Based on the prospective plantings reported in March, the present conditions indicate a probable production of all spring wheat of from 145 to 170 million bushels. Production last year was 244 million bushels and the 10-year average 193 million bushels.

Table 5.- Estimated wheat supplies and distribution by classes, years beginning July 1, 1937 and 1938 1/

Item	Hard Red Winter	Soft Red Winter	Hard Red Spring	Durum	White	Total
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Year beginning July 1, 1937						
Carry-over July 1	37	15	18	3	10	83
Production	373	258	102	29	114	876
Total supplies	410	273	120	32	124	959
Exports and shipments 2/ ..	74	5	2	--	22	103
Disappearance 3/	276	231	87	27	82	703
Year beginning July 1, 1938 1/						
Carry-over July 1	60	37	31	5	20	153
Production in 1938	388	237	161	42	103	931
Total supplies	448	274	192	47	123	1,084
Exports and shipments 2/ ..	79	4	3	1	28	115
Disappearance 3/	264	239	88	28	85	704
Carry-over July 1, 1939	105	31	101	18	10	265

1/ Figures for 1938 are preliminary estimates.
2/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico and Virgin Islands.
3/ Balancing item.

Slight revision in estimate of July 1 wheat carry-over

The carry-over of old wheat on July 1, 1939 is now expected to be about 265 million bushels, including about 6 million bushels held for crop insurance, compared with the February forecast of 274 million bushels. Exports of wheat and flour made entirely from domestic wheat will total about 112 million bushels and shipments to Alaska, Hawaii, and Puerto Rico 3 million bushels. If carry-over and exports turn out as expected, domestic disappearance for the year ended June 30, 1939 will be about the same as for the year before.

While exports will exceed 100 million bushels, supplies of milling wheat remaining on hand July 1 will be substantial. Stocks figures for July 1 do not all become available until early August. Accordingly, the figures in table 5 are an attempt to approximate what these will be and also enable determination of disappearance by classes.

Domestic wheat prices independently strong

Wheat prices in domestic markets advanced the last half of May, influenced by deterioration in domestic crop prospects and by announcement of an increase in the Federal loan rates on wheat. During the first half of June domestic prices, together with foreign prices, declined following rains in North America, Argentina, and portions of Europe, with heavy international wheat shipments.

Domestic markets have been independently strong since the middle of May, as shown by the widening of the spread between Chicago and Liverpool prices (table 6). In early June the July futures at Chicago averaged 17 cents above the same future at Liverpool compared with a spread of about 10 cents in early May. Over a period of years No. 2 Hard Winter Wheat at Chicago has averaged 15 to 20 cents below Parvels at Liverpool.

World prices in the next few months are expected to be affected largely by changes in crop developments. However, if total supplies are not increased compared with last year and demand is not materially changed, world prices would be expected to average little different than in the year ended June 30, 1939. The demand for wheat, however, might be affected by a material increase in political tension abroad or by general improvement in the world economic situation. The spread of domestic wheat prices above British prices for the 1939 crop may average wider than for the 1938 crop, as a result of smaller prospective domestic wheat supplies, the higher Federal loan rate on wheat, and the continuation of the export-aid program.

Table 6.- Average closing prices of July wheat futures, specified markets and dates, 1938 and 1939

Date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Month -												
Mar.	110.6	61.4	103.4	61.9	---	---	84.2	68.2	80.6	61.4	94.8	70.4
Apr.	111.6	61.7	100.3	61.1	---	---	80.9	68.5	76.9	61.7	89.9	71.4
May	102.5	65.6	95.1	62.2	---	---	76.3	74.8	72.7	70.6	82.7	78.4
Week ended												
May 6	108.7	65.4	98.7	63.0	2/98.2	2/60.0	78.7	73.2	75.3	68.9	85.4	75.6
13	105.6	66.3	97.4	62.6	2/93.2	2/59.8	78.6	73.9	75.1	69.6	85.7	77.2
20	102.3	65.0	95.7	62.0	2/88.8	2/59.7	76.4	74.1	72.9	69.8	82.4	78.5
27	94.9	65.4	90.1	61.3	82.9	60.1	72.6	77.0	68.9	72.9	78.6	81.2
June 3	98.5	65.0	86.9	60.6	78.4	59.7	69.9	77.9	66.4	73.7	77.1	81.7
10	100.9	61.9	91.5	58.0	82.5	59.5	74.3	75.4	71.2	71.1	82.4	78.8
17	106.6	60.8	96.9	56.5	84.3	59.5	79.0	72.9	75.2	68.4	89.1	76.6
High 3/	113.7	66.3	102.5	63.0	4/100.2	4/60.1	82.3	77.9	78.2	73.7	91.2	81.7
Low 3/	94.9	60.0	86.9	56.5	4/78.4	4/59.5	69.9	68.1	66.4	63.9	77.1	70.0

1/ Conversions at Noon buying rate of exchange. 2/ June futures.
3/ April 8 to June 17, 1939, and corresponding dates for 1938. 4/ June and July futures.

Table 7.- Weighted average cash price of wheat, specified markets and dates, 1938 and 1939

Date	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 1 Dk.N.Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Western White Seattle 1/	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Month -												
Mar.	93.0	71.0	91.5	68.7	119.2	77.0	105.3	73.7	91.6	73.2	86.2	67.5
Apr.	86.2	72.4	84.6	69.6	110.5	77.8	100.0	74.3	85.0	76.4	81.4	69.7
May	82.0	80.2	79.7	75.7	105.3	85.6	88.4	79.1	76.9	82.7	77.0	71.8
Week ended												
May 6	83.9	77.5	80.6	74.5	113.1	82.4	93.0	77.6	79.7	82.3	79.8	72.7
13	84.9	78.7	81.9	74.7	106.3	83.4	89.3	77.5	79.8	83.1	79.3	70.9
20	82.9	80.1	81.6	76.0	104.2	86.3	88.8	78.3	78.5	80.9	77.3	70.8
27	78.8	83.1	77.4	78.1	101.3	88.6	83.8	80.7	73.8	85.4	73.2	72.4
June 3	74.6	83.9	69.7	79.0	94.8	89.0	75.4	82.0	69.6	84.6	68.2	73.0
10	83.9	79.8	77.8	75.5	101.9	85.1	87.8	80.2	72.8	81.2	71.0	72.1
17	91.1	76.8	86.7	72.4	115.8	83.7	97.7	75.8	83.0	77.0	77.4	
High 2/	91.1	83.9	86.7	79.0	115.8	89.0	101.4	82.0	85.7	85.4	82.2	73.0
Low 2/	74.6	71.3	69.7	68.7	94.8	76.6	75.4	73.6	69.6	74.9	68.2	67.9

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ April 8 to June 17, 1939, and corresponding dates for 1938.

Table 8.-Durum: Area and production in Morocco, Algeria, and Tunisia, average 1933-37, annual 1937-39

Country	Acreage				Production			
	Average 1933-37	1937	1938	1939 1/	Average 1933-37	1937	1938 1/	1939 forecast
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
Morocco ...	2,362	2,137	2,071	2,249	16,083	12,702	13,426	22,046
Algeria ...	3,109	3,212	3,037	3,212	23,244	22,509	23,064	31,048
Tunisia ...	1,547	2,026	1,253	1,730	7,863	10,288	7,183	11,023
Total ...	7,018	7,375	6,361	7,191	47,190	45,499	43,673	64,117

From report of the Paris office of the Bureau of Agricultural Economics.

1/ Preliminary.

Table 9.-Wheat surplus for export or carry-over in three exporting countries, United Kingdom port stocks and stocks afloat, June 1, 1936-39 1/

Position	1936	1937	1938	1939
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Canada				
In Canada	173	59	41	137
In the United States	13	7	1	2
Argentina	38	26	43	180
Australia	43	43	56	54
Total	267	135	141	373
United Kingdom port stocks .	10	11	9	20
Stocks afloat to:				
United Kingdom	14	14	15	16
Continent	9	20	14	17
Orders	8	8	10	8
Total	41	53	48	61
Grand total	308	188	189	434

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production, minus domestic utilization for the year, minus monthly exports to date.

Table 10.-Movement of wheat, including flour, from principal exporting countries, 1935-36 to 1938-39

Country	Exports as given by official sources: Total 1935-36	Total 1936-37	Total 1937-38	July 1 to date shown 1936-37	July 1 to date shown 1937-38	July 1 to date shown 1938-39	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/ ..	15,929	21,584	107,204	17,260	84,949	94,448	Apr. 30
Canada	237,447	213,028	94,546	199,093	85,922	143,443	May 31
Argentina	76,577	162,977	69,670	149,913	56,878	74,410	Apr. 30
Australia	105,328	98,730	123,343	75,521	96,248	78,028	Apr. 30
Soviet Union	29,704	4,479	43,354	890	9,969	22,480	Sept. 30
Hungary	14,644	27,428	9,368	24,958	8,468	23,124	Apr. 30
Yugoslavia	728	17,954	5,012	13,406	4,726	4,846	Mar. 31
Rumania	6,392	36,264	32,962	25,613	28,901	34,644	Mar. 31
Bulgaria	988	7,273	8,484	5,221	6,822	302	Mar. 31
British India	2,556	16,571	19,677	9,163	12,762	8,914	Jan. 31
Total	490,293	606,288	513,620				

Country	Shipments as given by trade sources: Total 1936-37	Total 1937-38	Week ended 1938-39: June 3	June 10	June 17	July 1 - June 17: 1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/ ..	231,832	184,720	5,872	4,914	5,322	179,984	237,084
Canada 3/	213,028	94,546	3,800	3,200	---	4/ 86,400	4/150,400
United States 5/ ..	10,395	83,651	2,769	1,546	1,344	80,841	91,383
Argentina	164,678	66,928	3,700	4,861	7,784	64,376	105,181
Australia	105,836	127,520	2,684	4,079	1,337	121,932	99,624
Soviet Union	88	42,248	0	0	0	41,240	39,824
Danube and Bulgaria 6/	65,544	37,320	832	1,136	1,896	36,176	49,368
British India	7/16,571	7/19,677	0	0	0	13,874	6,280
Total 8/	584,549	478,413				457,582	537,361
Total European shipments 2/ ...	484,670	397,656	11,072			9/ 367,600	9/ 403,864
Total ex-European shipments 2/	127,192	99,400	2,792			9/ 91,656	9/ 135,712

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Official exports as reported to date, supplemented by reported weekly clearances of wheat, and estimates of flour shipments.
4/ To June 10 only.
5/ Official reports received from 16 principal ports only.
6/ Black Sea shipments only.
7/ Official.
8/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
9/ To June 3.

Table 11.-Shipments of wheat, including flour from principal exporting countries, specified dates, 1937-38 and 1938-39

Period	Argentina		Australia		Danube		North America	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-Apr.....	55,144	73,248	99,492	82,312	34,832	41,096	151,344	196,296
Week ended -								
May 6...	1,484	3,800	3,784	1,828	272	680	3,816	4,240
13...	1,020	3,300	5,256	1,656	128	848	3,664	5,944
20...	1,328	3,872	2,868	2,228	360	1,808	3,224	6,600
27...	716	4,616	2,692	3,500	96	1,072	5,104	7,896
June 3...	1,424	3,700	2,036	2,684	176	832	3,904	5,872
10...	1,088	4,861	4,368	4,079	24	1,136	5,312	4,914
17...	2,172	7,784	1,436	1,337	288	1,896	3,616	5,322

Compiled from Broomhall's Corn Trade News.

Table 12.-Exports of wheat and wheat flour from the United States, 1937-38 and 1938-39
(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1937-37	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-Apr.....	65,647	69,937	4,107	5,215	84,949	94,448
Week ended 1/-						
May 6.....	2,114	2,307	93	174	2,551	3,125
13.....	2,076	1,910	43	153	2,278	2,629
20.....	1,084	1,414	80	41	1,460	1,607
27.....	1,011	2,256	39	184	1,194	3,121
June 3.....	1,321	1,636	32	241	1,471	2,769
10.....	1,271	1,231	66	67	1,581	1,546
17.....	707	2/ 554	62	2/168	998	2/1,344

Compiled from reports of the Department of Commerce.

1/ Data for total exports from the United States by weeks are not available. These data represent exports through 16 of the principal ports.

2/ Preliminary.

Table 13.- Net imports of wheat, including flour, into European countries, year beginning July 1, 1937 and 1938

Country	1937-38	1938-39 forecast 1/	Reported net imports July 1 to	1937-38	1938-39
	Mil. bu.	Mil. bu.		Mil. bu.	Mil. bu.
Belgium	36	39	Mar. 31	29	27
Czechoslovakia	2/ - 1	1	Mar. 15	2/ - 2	3/
Denmark	6	7	Apr. 30	5	5
Finland	3	3	Mar. 31	2	2
France	15	2	Apr. 30	12	2
Germany	54	45	Apr. 30	42	4/ 36
Austria			Feb. 28	4	5
Greece	18	13	Mar. 31	12	8
Ireland	14	14	Apr. 30	12	15
Italy	5	18	Apr. 30	5	9
Latvia	1	0	Feb. 28	5/	5/
Netherlands	24	26	Apr. 30	20	24
Norway	7	8	Apr. 30	6	6
Poland	3/	2/ - 3	Apr. 30	3/	2/- 2
Portugal	1	4	Feb. 28	5/	4
Sweden	2/ - 1	1	Apr. 30	2/ - 1	1
Switzerland	14	17	Apr. 30	12	14
United Kingdom	193	217	Apr. 30	156	181
Total imports of above	391	415		317	339
Spain	3	15			
Total imports	394	430			
Total exports	2	3		3	2
Total net imports	392	427		314	337

1/ Forecasts by European offices of U. S. Department of Agriculture.
2/ Net exports.
3/ Net exports of less than 500,000 bushels.
4/ Includes new territory and is therefore, not strictly comparable with preceding years.
5/ Less than 500,000 bushels.

Compiled from official sources except as otherwise stated.

THE RYE SITUATION

BACKGROUND.- During the past 10 years rye acreage has remained above pre-war levels, due largely to the expansion of rye production into the sub-humid areas of the spring wheat belt. In 1933 and 1934 the harvested acreage was greatly reduced because of heavy abandonment. In both of these years and in 1936 production was also greatly reduced because of unusually low yields. In 1935, 1937, and 1938, production was large, not only because the acreage was large, but because yields per acre were above average.

Smaller United States rye supply in prospect for 1939-40.

The condition of the rye crop on June 1 was much less favorable than in the past 2 years, and prospects were for a crop of only about 35 million bushels as compared with 55 million bushels in 1938. The indicated production was reduced about 8 million bushels from May 1 to June 1 largely as a result of drought in Minnesota, North and South Dakota, and Nebraska. In North Dakota the indicated crop on that date was less than one-half the production last year and in South Dakota production was less than a third that of a year ago. In each of these States production was also well below the average of the past 10 years. In other important producing States west of the Mississippi River the indicated production on June 1 was considerably below production last year but above the 1928-37 average.

If the 1939 crop is about 34,628,000 bushels, as indicated on June 1, it would be somewhat larger than the very small crops produced in 1933, 1934, and 1936, and slightly above the production in 1931, but smaller than any other crop since 1911. The acreage of rye for harvest in 1939 was estimated on June 1 at 4,079,000 bushels, the largest on record except in the period 1917-23 and in 1935. Yields, on the other hand, were indicated to be the lowest on record with the exception of 1934, and were exceptionally low in Nebraska and in the Dakotas, where drought greatly reduced prospects during May. Heavy rains have greatly improved the moisture situation in this area since June 1 and have improved the prospects for the rye crop in sections where the damage was not beyond recovery.

The United States stocks of rye at the beginning of the 1939-40 marketing year (farm stocks and commercial stocks on June 1) are estimated at 22.5 million bushels, which is considerably above average. Last year the carry-over was about 10 million bushels. With a crop of around 35 million bushels, as indicated on June 1, the total supply of rye for 1939-40 will amount to around 57 million bushels, as compared with 65 million bushels last year. A supply of this size would be larger than supplies in 1936 and 1937, but well below the large supply of 70 million bushels in 1935. The apparent disappearance of rye in 1938-39 amounted to about 41 million bushels, and in 1937-38 to 39 million bushels.

European prospects are for about an average rye crop

Present prospects are for an average or slightly above average European rye crop, if favorable weather continues for the remainder of the growing season. However the production will probably be smaller than the all-time record of last year. The outlook is for an average crop in central and northern Europe; above average harvests in the Danubian countries; and slightly below average in western Europe. Acreage in the countries reporting to date shows very little change from the 1938 acreage in these countries.

In Germany a small shift from rye to wheat seeding is noted; the rye acreage shows a decline of about 2 percent and the wheat acreage, a gain of 3 percent. The winter-kill of rye was, however, much less than that of wheat. The condition of both winter and spring rye at the beginning of June was above average and if favorable weather continues through June and the first half of July a very good yield will probably be had again this year.

The condition of the crop in Poland on June 1 was above average. There was less winter kill reported for rye than for wheat and a good crop is anticipated, though not so large as the 1938 harvest. Winter rye which in Latvia and Lithuania constitutes by far the greater part of the acreage, is in good condition. The condition of the crop in France on June 1 was reported to be satisfactory. In the Netherlands the condition was reported to be fairly good.

Domestic rye prices advance

Rye prices at domestic markets advanced about 13 cents per bushel from the week ended April 29 to the week ended June 3. The improvement in domestic prices during May was due largely to unfavorable prospects for the 1939 rye crop, together with reduced prospects for other small grain crops.

The average price of No. 2 rye in Minneapolis for the week ended June 3 was 55.2 cents per bushel, which was the highest since the week ended June 25, 1938. Since early in June prices have receded and for the week ended June 17 the price of No. 2 rye at Minneapolis was 51.9 cents per bushel. The price for the corresponding week of 1938, before prices had become adjusted for the 1938 crop, was 57 cents per bushel, and by September had declined to 39 cents per bushel. With smaller supplies of wheat, oats, and barley in prospect for 1939-40, and the possibility of some improvement in business conditions and the general price level, the demand for rye this year should be at least as good as last. This situation will be coupled with decreased supplies as a price-determining factor.

Table 14.- Winter rye acreage in specified countries, 1937-1939
(Acreage sown, except as otherwise noted)

Country	1937	1938	1939
	1,000 acres	1,000 acres	1,000 acres
United States 1/	3,846	3,979	4,079
Canada 1/	894	741	755
Total (2)	4,740	4,720	4,834
Belgium	376	381	364
Bulgaria	426	436	423
Czechoslovakia 2/	1,587	1,660	1,642
France 3/	1,639	1,639	1,601
Germany 4/	10,403	10,410	10,186
Greece	160	171	156
Latvia	706	703	724
Lithuania	1,250	1,296	1,278
Luxemburg	16	18	18
Poland	14,247	14,514	14,689
Rumania	1,052	1,177	939
Yugoslavia	548	549	533
Total (12)	32,410	32,954	32,553
Total (14)	37,150	37,674	37,387

1/ Acreage harvested or for harvest. 2/ New boundaries. Figure for 1937 is an estimate based on the percentage relationship between the old boundary acreage in 1937 and 1938. 3/ Plantings to May 1. 4/ Excludes Austria.

Table 15.- Rye, No. 2: Weighted average price per bushel of reported cash sales, Minneapolis, by months, 1935-36 to 1937-38 1/

Crop year	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents
1935-36	48.1	45.0	46.5	51.9	48.6	49.0
1936-37	75.0	82.5	86.7	85.1	91.6	109.9
1937-38	85.2	77.3	77.9	74.0	68.5	69.8
1938-39	48.4	40.8	40.5	41.5	40.2	42.9

	Jan.	Feb.	Mar.	Apr.	May	June	Wtd. av.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935-36	53.5	56.9	52.1	49.7	51.7	58.2	50.2
1936-37	113.2	110.6	109.0	112.4	108.9	99.5	97.2
1937-38	75.9	74.4	66.9	61.0	58.0	55.5	73.8
1938-39	46.1	45.2	43.1	43.1	50.9		

Compiled from Minneapolis Daily Market Record.
Average of daily prices weighted by car-lot sales.
1/ Figures beginning with 1915 in The Wheat Situation, June 1937, page 18.